

Seventieth
ANNUAL REPORT

Year Ended December 31

1964

**CENTRAL OF GEORGIA
RAILWAY COMPANY**

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CENTRAL OF GEORGIA RAILWAY COMPANY

SEVENTIETH ANNUAL REPORT

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PRINCIPAL OFFICE 227 West Broad Street, Savannah, Ga. 31401
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STOCK TRANSFER AGENT Bankers Trust Company
16 Wall Street, New York, N.Y. 10015
REGISTRAR OF STOCK . . . Morgan Guaranty Trust Company of New York
30 West Broadway, New York, N.Y. 10015

ANNUAL MEETING OF STOCKHOLDERS

Last Friday in April, at Savannah, Georgia

Board of Directors

CENTRAL OF GEORGIA RAILWAY COMPANY

- JAMES M. BARRY**.....Retired Chairman of the Executive Committee,
The Southern Company, Birmingham, Ala.
- EARLE F. BIDEZ**.....Executive Vice President, Central of Georgia
Railway Company, Savannah, Ga.
- WINTON M. BLOUNT**.....President, Blount Brothers Corp., Montgomery, Ala.
- FRANK E. BONE**.....Chairman of the Board, Oconee Clay Products
Company, Milledgeville, Ga.
- *D. W. BROSNAN**.....Chairman of the Board and Chief Executive
Officer, Central of Georgia Railway Company;
President, Southern Railway Company,
Washington, D.C.
- ERLE COCKE, SR.**.....Vice President-Staff, Central of Georgia
Railway Company, Atlanta, Ga.
- *WILLIAM E. DILLARD**.....President, Central of Georgia Railway
Company, Savannah, Ga.
- *R. E. FRANKLIN**.....Vice President-Operations, Southern Railway
Company, Washington, D.C.
- ROBERT W. GROVES**.....Chairman of the Board, Strachan Shipping
Company, Savannah, Ga.
- CHARLES C. HERTWIG**.....Retired Chairman of the Board, Bibb
Manufacturing Company, Macon, Ga.
- JULIAN T. HIGHTOWER**.....President, Thomaston Mills, Thomaston, Ga.
- THOMAS M. JOHNSON**.....President, Johnson, Lane, Space, Smith &
Co., Inc., Savannah, Ga.
- *JOHN J. McDONOUGH**.....Chairman of the Board, Georgia Power
Company, Atlanta, Ga.
- JOHN B. MILLER**.....General Counsel, Central of Georgia Railway
Company, Savannah, Ga.
- WALTER C. SCOTT**.....Vice President & Secretary, Savannah Sugar
Refining Corp., Savannah, Ga.
- HUGH M. TARBUTTON**.....Vice President, Treasurer and Traffic Manager,
Sandersville Railroad Company, Sandersville, Ga.
- RICHARD TIFT**.....Care of Richard Tift Company, Albany, Ga.
- ROBERT TRAIN**.....President, Bibb Manufacturing Company,
Macon, Ga.
- MARTIN L. TRESSEL**.....Vice President, Alcoa International, Inc.,
Pittsburgh, Pa.
- *D. ABBOTT TURNER**.....Chairman of the Board, Columbus Bank &
Trust Company, Columbus, Ga.
- S. S. WILBANKS**.....Attorney, Wilbanks and Wilbanks,
Alexander City, Ala.

*Member of Executive Committee

Officers

CENTRAL OF GEORGIA RAILWAY COMPANY

D. W. BROSNAN.....Chairman of the Board and Chief Executive Officer,
Washington, D.C.

WILLIAM E. DILLARD.....President, Savannah, Ga.

EARLE F. BIDEZ.....Executive Vice President, Savannah, Ga.

H. W. WATERS Vice President-Operations, Savannah, Ga.

W. R. WILSON.....Vice President-Traffic, Washington, D.C.

ROBERT S. HAMILTON Vice President-Marketing and Research,
Washington, D.C.

ERLE COCKE, SR. Vice President-Staff, Atlanta, Ga.

ALLEN H. DOUGLAS.....Vice President-Industrial Development, Atlanta, Ga.

JOHN B. MILLER.....General Counsel, Savannah, Ga.

W. R. DIVINE.....Comptroller, Washington, D.C.

J. J. MAHER.....Secretary, New York, N.Y.

ROBERT H. SMITH.....Treasurer, Washington, D.C.

TO THE STOCKHOLDERS OF CENTRAL OF GEORGIA RAILWAY COMPANY

Revenues of the Central of Georgia during 1964 increased by \$185,000 over the previous year whereas railway operating expenses including taxes increased by \$3,099,000. This increase in operating expenses resulted in the Company showing a deficit, after all charges including contingent interest, of \$46,000 compared with earnings of \$358,000 in 1963.

The increase in expenses was largely due to the continued high level of maintenance expenditures necessary to reduce the critical accumulation of deferred maintenance of rail, structures and rolling stock. During the year rail relaying of most of the important Birmingham, Alabama-Columbus, Georgia line was done. This kind of work must be continued into the future to provide safe and dependable operations.

Due to the level of earnings and the necessity to conserve cash no dividend could be declared on the preferred stock with respect to the years 1960 through 1964. Therefore, the previous maximum accumulation of unpaid dividends of \$15.00 per share remains on the preferred stock.

Industrial development in the territory served by Central of Georgia and Southern Railway System lines continued its upward trend during 1964. More than \$76,000,000 was allocated during the year by industries located along the Central of Georgia for building new plants or expanding existing ones. Evidence points to another good year during 1965.

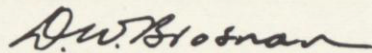
Industrial site-seekers are attracted to locations on our lines because of our policy of providing usable transportation at the lowest reasonable rates. This policy has a stimulating effect upon the whole economy of the Southeast. This has been particularly true of low grain rates which have turned the thinking and actions of farmers and investors toward building a great livestock industry in the Southeast. This is expected to add not less than a billion new dollars a year to the economy to circulate in the Southeast. This adds to the buying power of people in our region. Nor has the importance of this rate reduction been confined to the Southeast. There will be great added demand for grain grown in the Midwest, a

boon for farmers who have been troubled with the problem of surplus production while this country imports great quantities of meat fed on foreign-grown grains.

Congress has still not taken any action to permit greater competition in transportation by giving all common carriers freedom to set minimum rates without regulation for hauling bulk and agricultural commodities. Barges have this freedom on bulk traffic and highway trucks on agricultural commodities. Railroads are strictly regulated on both and should be relieved of this unnecessary burden. Our stockholders can help their Company and do a service for the people of their country by speaking out on every occasion in favor of less regulation and greater competitive freedom in transportation.

The Directors and your management gratefully acknowledge and thank our stockholders, customers and employees for their loyalty, understanding and help during 1964.

Sincerely,

A handwritten signature in dark ink, appearing to read "D. W. Hosmer". The signature is fluid and cursive, with a long horizontal stroke at the end.

CHAIRMAN OF THE BOARD

THE YEAR'S BUSINESS

The gross operating revenue was \$45,021,000, an increase of \$185,000, or 0.4%, as compared with 1963.

Freight revenue increased \$225,000, or 0.5%. Revenue from passenger traffic decreased \$84,000, or 6.5%. Mail revenue decreased \$45,000, or 5.1%.

Railway operating expenses and taxes increased a net of \$3,099,000, or 7.4%. The increase in expenses was largely due to separation pay under the Interstate Commerce Commission order in Southern Railway Company stock control of Central and to the increased rail program discussed later in this report.

Net income for the year, after all charges including contingent interest, showed a deficit of \$46,000 compared with earnings of \$358,000 in 1963.

CONTROL BY SOUTHERN RAILWAY

As reported in prior years, Southern Railway Company has now acquired over 96% of the combined shares of Central of Georgia pursuant to authority given by the ICC. Substantial savings have been accomplished from the consolidation of yard and shop operations and freight agencies, as well as consolidation of the accounting, corporate secretary, treasury, tax and other administrative functions with those of Southern. It is anticipated that further substantial savings will continue to flow from these consolidations. Meanwhile, these consolidations have resulted in improvement of service to the public.

The labor organizations have resorted to the courts in an effort to upset the conditions prescribed by the ICC for the protection of employees displaced or dismissed as a result of these consolidations. On December 7, 1964, the United States Supreme Court determined that the ICC must again consider the labor conditions which it has prescribed insofar as the Commission had failed to state whether Sections 4, 5 and 9 of the Washington Job Protection Agreement had or had not been included in its protective conditions. Sections 4 and 5 concern notice to and negotiation with the labor organizations as to the employees to be used in the consolidated facilities. Section 9 relates to lump sum settlements. The case is, therefore, again before the Interstate Commerce Commission for consideration on this narrow issue.

CAPITAL IMPROVEMENTS

As a vital step toward meeting the requirements of its patrons, the Central of Georgia purchased 14 new freight cars during 1964, at a cost of \$520,000, purchased 19 auto racks for \$129,000, and spent \$2,286,000 to modernize 380 freight cars. The Savannah & Atlanta Railway Company acquired 4 new freight cars at a cost of \$85,000 and at the end of 1964 had on order 11 new diesel locomotives costing approximately \$2,356,000.

In its continuing program to upgrade its tracks and roadbeds and reduce the critical accumulation of deferred maintenance of rail, track and structures, Central of Georgia in 1964 laid approximately 18.5 miles of new rail and 81.8

miles of released rail, totaling 100.3 miles of welded rail. This compares with some 8 miles of new and 18½ miles of released rail laid in 1963. This program has already paid substantial dividends in the reduction in losses due to derailments and correspondingly has improved safety and service to our patrons. There is much yet to be done in this area.

In March of 1965, Central of Georgia Railway's first rail-highway transfer crane was opened for business at Savannah. Although Central already makes effective use of Southern Railway's transfer cranes at points served by both railroads, this is the first such installation made on the Central of Georgia. Any piggyback shipments loaded in the afternoon over the new crane facility now will be in Macon, Atlanta, Columbus or Birmingham the next day, and move to population centers in the East and Midwest on expedited schedules.

The new crane facility links Savannah with a network of 35 other such transfer cranes at points along Southern Railway System lines in 13 states in this "best of rail, best of road" combination.

STOCKHOLDER LITIGATION

On March 24, 1965, your Company was served with a summons and complaint in a suit filed in the United States District Court for the District of Columbia against it and your Board of Directors seeking to compel the declaration and payment of dividends on the preferred stock for the years 1960 to date, and for future years. Counsel advises that the dividend policy has been and is consistent with the law and business realities, including the poor condition of the physical property, and that the suit is without merit.

INDUSTRIAL DEVELOPMENT

The year witnessed further industrial gains along the Central of Georgia with more than \$76,000,000 allocated by various industrial companies for 56 new and expanded plants, consisting of 10 new industries, 30 new warehousing facilities and 16 expansions of existing plants, employing about 1,200 persons.

The major new plants established or on which construction was under way at year's end include American Cryogenics at Savannah, Georgia, to produce industrial gases; Cox Newsprint, Inc., at Nixon, Georgia, newsprint; Mars, Inc., West Albany, Georgia, peanut processing; Olin Mathieson Chemical Corporation, Nixon, Georgia, chlorine-caustic soda; and Philadelphia Quartz Company, also at Nixon, sodium silicate.

Notable among the expansions are Continental Can Company's program at Nixon, Georgia, for increased production of pulp and paperboard, which is scheduled for completion in the spring of 1966; and added capacity of International Mineral & Chemical Corporation at Americus, Georgia, for the manufacture of fertilizer. Alabama Kraft Company is building a large plant for the manufacture of kraft paper on the line of Central of Georgia in Alabama in the

vicinity of Columbus, Georgia.

New facilities were located for the storage and distribution of building materials, fertilizer, grain, groceries and general merchandise.

MANAGEMENT CHANGES

Robert S. Hamilton was appointed Vice President—Marketing and Research, on August 10, 1964. Mr. Hamilton, a graduate of Illinois Institute of Technology in 1949, has held the same position with Southern since August, 1962. The function of this department is to research the transportation market, including distribution patterns for various commodities, so as to locate areas where sales can be increased, introducing new services, and improving old ones. Also, through incentive pricing, this department encourages greater use of rail transportation.

Allen H. Douglas was appointed Vice President—Industrial Development for Southern and Central, effective March 5, 1965, with headquarters at Atlanta, Georgia, succeeding the late Harrell L. Perkins who was long one of the South's best known and most effective industrial development leaders.

Mr. Douglas attended Duke University and the University of Georgia. He is President of the Southern Industrial Development Council, and is a member of the American Industrial Development Council and the Industrial Development Council of the Georgia State Chamber of Commerce.

Harrell L. Perkins (1904-1965)—Harrell L. Perkins, Vice President—Industrial Development for Southern Railway System and Central of Georgia Railway Company died March 2, 1965.

Mr. Perkins entered railroad service in 1919 with the Central, and became its Vice President—Industrial Development in 1949. In 1962, he became Vice President—Industrial Development for Southern. From March, 1964, until his untimely death, he was in charge of industrial development for both Southern and Central.

GRAIN RATES

To increase earnings and revenues and stimulate agri-business development in our area, over a period of several years Southern endeavored to put into effect and secure approval of its reduced 5-car rates on grain in "Big John" cars. These rates, originally scheduled to become effective in August, 1961, finally went into effect on May 11, 1963, after a long battle through a division of the Interstate Commerce Commission and the courts.

Subsequent to the rates becoming effective, however, the full Interstate Commerce Commission ordered the rates canceled without prejudice to the publication of similar rates on a 16 per cent higher level.

Southern sought to enjoy the effectiveness of the Commission's order and

on May 20, 1964, a three-judge Federal Court sitting in Cincinnati unanimously held that the Commission's order was invalid.

The Commission, the barge lines, and certain other protestants then appealed directly to the United States Supreme Court in an effort to overturn the decision of the District Court. On January 18, 1965, in an unsigned opinion, the Supreme Court ruled that the Commission must take another look at Southern's reduced rates. The Supreme Court in effect held that the Commission's order requiring increases in Southern's grain rates is unlawful and that the court below was correct in so holding. The Commission is now reconsidering the matter in the light of the Cincinnati court's opinion. Meanwhile, the reduced rates continue in effect.

AGRI-BUSINESS DEVELOPMENT

Low grain transportation costs initiated by Southern and put into effect on all Central of Georgia and Southern lines are beginning to show real impact upon the thinking and actions of agricultural leaders and farmers—and investors—toward building a great livestock industry in the Southeast. New feedlots for fattening both cattle and hogs have already been established, many more are in the planning stages, with a number of important ones expected to get under way this year. There are new feed mills as well and more are planned. Grain storage facilities in the area are also expected to be substantially increased in number and capacity. Experts from agricultural colleges have estimated that just satisfying the South's own present deficit in meat production will add at least a billion dollars a year to the agri-business economy of the region.

This important new source of money will stimulate a declining farm economy in the South and be of great advantage to the grain-surplus Midwest as well. Increased numbers of cattle grown in the grain-deficit Southeast will create enlarged markets for feed grain producers in other parts of the country. A rising tide of meat importation into the United States can be reversed as the South moves into large-scale cattle production. Livestock grown in the United States consumes grain grown in the United States. Imported meat has been fed on foreign-grown grain.

Central and Southern's Agri-Business Services department covers the entire range of agricultural activities in the territory of both lines. Its major task is that of finding ways in which the usefulness of Central of Georgia and Southern can be expanded to serve the needs of agriculture, thereby creating enlarged markets for our transportation services.

With the reduced grain rates and accelerated emphasis on agri-business development in the service territory of Central of Georgia, it is anticipated your Company will benefit substantially from the movement of grain and the location of grain consuming industries in its service territory.

CENTRAL OF GEORGIA RAILWAY COMPANY

COMPARATIVE STATEMENT OF INCOME AND RETAINED INCOME

	Year	
	1964	1963
Railway operating revenues:		
Freight	\$41,638,904	\$41,413,797
Passenger	1,211,081	1,295,885
Mail	845,382	890,384
Express	406,050	380,953
Other	920,426	855,219
Total	<u>45,021,843</u>	<u>44,836,238</u>
Railway operating expenses:		
Maintenance of way and structures	11,074,978	7,763,416
Maintenance of equipment	10,684,111	9,730,729
Traffic	1,979,995	2,085,360
Transportation	17,276,885	17,880,999
Other	4,767,450	3,521,591
Total	<u>45,783,419</u>	<u>40,982,095</u>
Federal income taxes — note 1	(3,712,000)	(2,070,000)
Taxes other than federal income	3,044,963	3,104,783
Equipment and joint facility rent expense	647,027	1,218,052
	<u>45,763,409</u>	<u>43,234,930</u>
Net railway operating income (loss).....	(741,566)	1,601,308
Other income:		
Dividends from affiliates — note 3	1,949,825	186,000
Interest	98,081	205,075
Miscellaneous	786,768	524,389
	<u>2,093,108</u>	<u>2,516,772</u>
Miscellaneous deductions from income.....	43,939	186,132
	<u>2,049,169</u>	<u>2,330,640</u>
Interest and other fixed charges	1,531,025	1,405,626
Contingent interest	564,310	566,794
NET INCOME (LOSS) FOR YEAR.....	<u>(46,166)</u>	<u>358,220</u>
Retained income beginning of year	18,410,411	17,696,182
Add — Adjustment of preceding year's federal income taxes	460,374	356,009
Retained income end of year	<u>\$18,824,619</u>	<u>\$18,410,411</u>

CENTRAL OF GEORGIA RAILWAY COMPANY

COMPARATIVE BALANCE SHEET

	December 31	
	1964	1963
ASSETS		
Current assets:		
Cash	\$ 2,731,342	\$ 1,897,274
Marketable securities (at cost)	1,990,037	4,007,849
Accounts and other receivables — note 1	5,539,976	6,347,176
Materials and supplies (at average cost)	757,688	1,340,303
Other current assets	208,881	457,869
	11,227,924	14,050,471
Capital and other funds — note 2	1,024,865	252,059
Investments in affiliates — note 3	13,913,756	13,875,822
Road, structures and equipment net of accumulated depreciation — note 4	99,286,430	97,982,605
Other assets	1,154,806	1,918,991
Total assets	<u>\$126,607,781</u>	<u>\$128,079,948</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 3,344,733	\$ 3,575,696
Accrued expenses and other liabilities ..	3,377,743	4,239,739
Current liabilities excluding current portion of long-term debt	6,722,476	7,815,435
Current portion of long-term debt — note 8	3,095,820	3,192,729
Long-term debt — note 8:		
Funded debt	23,037,434	23,189,734
Equipment obligations	20,054,881	19,100,000
Amounts payable to affiliated company	2,934,500	2,934,500
Other liabilities	1,165,289	2,664,377
	57,010,400	58,896,775
Shareholders' equity:		
5% preferred stock, \$100 par value — 230,000 shares authorized, 170,394 outstanding	17,039,400	17,039,400
Common stock, no par value — 500,000 shares authorized, 337,242 outstanding	33,724,200	33,724,200
Capital surplus	9,162	9,162
Retained income	18,824,619	18,410,411
	69,597,381	69,183,173
Total liabilities and shareholders' equity	<u>\$126,607,781</u>	<u>\$128,079,948</u>

CENTRAL OF GEORGIA RAILWAY COMPANY

NOTES TO FINANCIAL STATEMENTS

1. The Company is a party to an agreement between Southern Railway Company and certain of its affiliated companies in connection with filing consolidated federal income tax returns. This agreement provides, among other things, that the Company will contribute to the consolidated group the tax it would otherwise pay on a separate return basis after elimination of dividends among parties to this agreement. Should the Company contribute a loss to the consolidated return, it shall be paid an amount for the use of its loss equal to the reduction in the consolidated tax liability resulting from utilization of said loss. For the year 1964, it is anticipated that the benefit to the Company will be \$3,712,000 under this agreement. This amount has been taken into consideration in computing net income for the year. The comparable amount for 1963 was \$2,070,000. At December 31, 1964, \$3,172,000 is included in accounts and other receivables on the balance sheet for these items.

In accordance with Company policy and accounting procedures prescribed by the Interstate Commerce Commission, no accrual has been made for taxes that may be paid in later years resulting from use of different depreciation methods or rates for tax purposes from those used to compute net income. In computing the depreciation deduction for federal income tax purposes, the Company has elected to use the "guideline" lives established by the Internal Revenue Service in 1962 and, where appropriate, the declining balance method of depreciation. These and other similar items have the effect of increasing the amount to be received for use of the tax loss by approximately \$702,000 for 1964. The comparable amount for 1963 was \$425,000. The cumulative amount of benefit to the Company resulting from differing methods and rates of depreciation or amortization for tax and book purposes for all prior years and to December 31, 1964, approximates \$10,576,000.

At December 31, 1964, the Company had available unused net operating loss carryovers of \$2,144,000, which can be used to reduce future taxable earnings of the Company. There is also \$881,000 of unused investment credit available at the year end, which can be used to reduce future federal income taxes of the Company.

2. Capital and other funds at December 31, 1964, includes approximately \$847,000 of unexpended proceeds from the July 15, 1964, conditional sales agreement held by an agent to be disbursed upon delivery of equipment.
3. At December 31, 1964, the Company's equity in subsidiary companies exceeded its investment therein. Its equity in earnings of these subsidiary companies amounts to \$1,100,000 and \$1,055,000 for 1964 and 1963 respectively.
4. At December 31, road, structures and equipment is comprised of the following:

	1964	1963
Road	\$ 67,361,261	\$ 67,237,060
Equipment	79,144,650	78,322,242
Other property	1,770,729	1,798,598
	148,276,640	147,357,900
Accumulated depreciation	48,990,210	49,375,295
Net properties	\$ 99,286,430	\$ 97,982,605

Depreciation expense for the year 1964 was \$3,256,000 and for 1963 \$3,069,000. Accounting procedures prescribed by the Interstate Commerce Commission allow no depreciation on track structure. Current costs of renewals and maintenance of track structure charged to expense during 1964 were \$1,600,000 greater than the comparable expense in 1963. Additions and betterments to track structure were capitalized.

CENTRAL OF GEORGIA RAILWAY COMPANY

5. Preferred stock dividends are cumulative for a period of three years. At December 31, 1964, three years have accumulated and such unpaid dividends amount to \$2,555,910.
6. The Order of the Interstate Commerce Commission allowing acquisition of controlling interest in the Company by Southern Railway Company provides for protection to employees dismissed or displaced as a direct result of this acquisition, unless through some action or inaction of his own the employee forfeits his rights thereto. This protection is in the form of payments equivalent to the affected individual's average wages for a period prior to this transaction. Any amounts earned by the affected employee enter into the computation of amounts payable by the Company. The Company has made final lump-sum settlements with some of the employees covered by the protection provisions of the Order. During 1964, the Company made payments of approximately \$1,100,000 under these provisions. This amount together with the deferred portion of similar payments made in 1963 resulted in a total charge against 1964 earnings of \$2,100,000.

The Company's interpretation of the employee protection provisions of the ICC order has been challenged. As a result, during 1964, the ICC was directed by the Supreme Court to clarify these provisions.

As was noted in the 1963 notes to financial statements, it is not possible at this time to make a reasonable estimate of the future liability of the Company for dismissal or displacement payments.

7. The Company, together with other major railroads, has agreed to advance funds as might be required to meet principal and interest payments on equipment obligations of Trailer Train Company, but only in the unlikely event that charges for the use of the equipment, currently at an adequate rate, are insufficient to provide for such principal and interest payments.

At December 31, 1964, the Company was contingently liable separately or jointly with others, on indebtedness of or assumed by affiliated companies in the approximate amount of \$2,390,000. At December 31, 1963, this amount was approximately \$1,880,000.

The Company is a participant in a service interruption policy with The Imperial Insurance Company, Ltd., which requires payment of additional premiums as claims are filed, subject to a maximum premium of approximately \$510,000.

8. Long-term debt of the Company at December 31, 1964, was as follows:

	Portion Due Within One Year	Portion Due After One Year Equipment Obligations	Funded Debt
Bonds:			
First Mortgage Series A — 4% — due January 1, 1995	\$ 59,267		\$10,591,934
General Mortgage (Income) Series B — 4½% — due January 1, 2020	70,300		12,445,500
	<u>129,567</u>		
Equipment obligations — payable serially:			
Equipment trusts maturing to 1972....	1,381,937	\$ 5,402,154	
Conditional sale agreements maturing to 1979	1,459,696	13,929,567	
Note payable — maturing in 1971	124,620	723,160	
	<u>\$3,095,820</u>	<u>\$20,054,881</u>	<u>\$23,037,434</u>

HASKINS & SELLS

CERTIFIED PUBLIC ACCOUNTANTS

TWO BROADWAY
NEW YORK 10004

To the Stockholders,

Central of Georgia Railway Company:

We have examined the balance sheet of CENTRAL OF GEORGIA RAILWAY COMPANY as of December 31, 1964, and the related statement of income and retained income for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The Company maintains its accounts in conformity with the Uniform System of Accounts for Railroad Companies prescribed by the Interstate Commerce Commission and the accompanying financial statements have been prepared in accordance therewith. The provisions of the Uniform System of Accounts vary from generally accepted accounting principles in that no accounting recognition is given to the possible effect on income taxes in future years of current benefits, referred to in Note 1 to the financial statements, resulting from the deductions (net) for amortization and depreciation of property for income tax purposes in excess of the deductions recorded in the accounts.

In our opinion, subject to the ultimate liability for dismissal or displacement payments referred to in Note 6 to the financial statements and except for the matter referred to in the preceding paragraph, the accompanying balance sheet and the statement of income and retained income present fairly the financial position of the Company at December 31, 1964, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

HASKINS & SELLS

March 19, 1965

SOUTHERN RAILWAY COMPANY
CENTRAL OF GEORGIA RAILWAY CO. • THE CINCINNATI, NEW ORLEANS AND TEXAS PACIFIC RAILWAY CO.
THE ALABAMA GREAT SOUTHERN RAILROAD CO. • NEW ORLEANS AND NORTHEASTERN RAILROAD CO.
GEORGIA SOUTHERN AND FLORIDA RAILWAY CO. • CAROLINA AND NORTHWESTERN RAILWAY CO. • GEORGIA & FLORIDA RAILWAY CO.
(And Affiliated Companies)

	0	25	50	75	100
LOOK AHEAD-LOOK SOUTH					

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A map of the Erie Canal region. The Erie Canal is shown as a prominent line running horizontally. To the north of the canal, towns labeled include Eureka, Beaumont, Severn, and Erie. To the south, towns include Walnut, Liberal, Lamar, Bolivar, and Lebanon. Further east, Salem and Ironton are marked. The map also shows several smaller waterways and tributaries, such as the Seneca River and the Tonawanda River. The Erie Canal is depicted as a series of connected segments, with some segments labeled 'Erie Canal'.

The map shows the Joplin, Missouri area. Joplin is the central city, with Coffeyville to the west and Mountain Grove to the east. The Missouri River is shown flowing along the southern edge of the map. Major roads and rail lines are depicted, connecting the various towns and cities. The map also shows the Joplin Plateau and the Neosho River. A scale bar at the bottom indicates distances in miles.

A map of the Fort Smith area in Arkansas. Major highways shown include US-412 (labeled 'MO PAC'), US-49, and US-67. Surrounding towns include Henryetta, Dewar, Eufaula, Stigler, Spiro, Bokoshe, Dardanelle, Russellville, Conway, Searcy, Fairbault, Wynne, and Forrest City. The Arkansas River is shown flowing through the region. Fort Smith is centrally located and highlighted with a yellow background.

A map of the Nashville, Tennessee area. The Tennessee River is shown flowing from the top right towards the bottom right. Major cities and towns labeled include Antlers, Hugo, Valiant, De Queen, Dicks, Perkins, Highland, Nashville, Arkadelphia, Sallis, Gould, Rosedale, and She. The map also shows the Gulf of Mexico (GULF OF MEXICO) and the Gulf Stream (GULF STREAM). The Tennessee River is labeled as the 'Tennessee River' and 'Tennessee River'.

A map of the Lake Providence area. The Mississippi River is shown on the right, flowing south. Lake Providence is a large body of water in the center. To the north of the lake are towns like Greenville, Spring Hill, and Cotton Valley. To the south are towns like Bastrop and Lake Providence. The map also shows the Gulf of Mexico to the west and the Texas-Louisiana border to the east.

[illegible][illegible]

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The location of a station is near the intersection of lines drawn from the letter and figure in the map border corresponding with those in the index

A		Central, S.C. I15	(4) Edgfield, S.C. M16	Hill City, Ga. I13	Marion, Ala. O11	Plantersville, Ala. O11	(1) Stapleton, G.
		Central, Ill. F 8	Edinburg, Va. D19	Hillsboro, Ala. I11	Marion, N.C. J16	Pleasant Garden, N.C. H19	State Farm.
			Edwards, Ala. M19	Hillsboro, N.C. I11	Marion, Ind. O11		(1) Statesboro, Ga.

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(2) Chattanooga, Tenn.	Chattanooga, Tenn.	Hartsville, N.C.	Mayville, Ga.	Powder Springs, Ga.	Suffolk, Va.
Jacksonville, Fla.	Chascony, Ga.	Empire, Ga.	Huntsville, N.C.	Tenn.	Sugar Valley, Ill.
Mendota, S.C.	Cherokee, Ala.	English, Ind.	Huntingsburg, Ind.	(2) Mead, Ga.	Saville, A.
Norfolk, N.C.	Cherokee Falls, N.C.	Eoka, N.C.	Huntsville, Ala.	Meaville, Ga.	Summerville, S.C.
Alpha, Tenn.	S.C.	Eastley, Ala.	Hurt, Va.	Mebane, N.C.	Yonkers, N.Y.
		Cassidy, Pa.	Wentworth, Ala.	Mabensville, Va.	

Archer, Ga.....P14	Chilcasso, Ala.....Q16	Lisay, Ga.....Q16	Winn, S.C.....P16	(1) Miller, S.C.....Q16	Pinebluff, Ala.....M10
Bryant, Va.....F18	Chicopee, Ga.....I14	Lubook, Ky.....Q16	(1) Javeress, Ala.....P13	Middleboro, Ky.....H14	Prospect, Ala.....M10
Andalusia, Ala.....Q12	(1) Childersburg, Ala.....P13	Eufaula, Ala.....P13	Ibbell, Ala.....M10	Middletown, Tenn.....J 9	Prosperity, S.C.....I17
Anderson, S.C.....L16	(2) China Grove, N.C.....J17	Euclid, Ala.....Q10	Midland, Va.....L20	Pruden No.1, Tenn.....H14	Suwanee, G.
Cadams, N.C.....K14	Choctawhatchee, Ala.....N12	Evans City, Ala.....L10	(1) Midlothian, Va.....P20	Perrell, Va.....H15	(3) Swainsboro,
			(1) Midway, Ga.....N16	Riverside, Miss.....Q 9	

Albany, Ga., ... M13	Cincinnati, Ohio, ... H14	F	Jacksonville, Fla., ... R17	Millport, Ala., ... N10	Quincy, Va., ... E19	Sylvia, N.C.
Andromeda, No. N17	Clairfield, Tenn., ... H14		Janestown, N.C., ... H18	Milltown, Ind., ... F11	Quintana, Ga., ... P20	(I) Sylvania, G
Arkwright, Ga., ... N17	Claremont, N.C., ... Q17		Jasper, Ala., ... M11	Witchell, Va., ... E19		
Arlington, Ala., ... P15	Clarksville, Va., ... G19	Faber, Va., ... F19	Jasper, Fla., ... Q16	Mobile, Ala., ... R10		
Arlington, Ga., ... P14		Fackler, Ala., ... L12	Jasper, Ind., ... F10	Macodon Gann, Va., ... H15	R	T
(1) Clayton, Ala., ... P13		Fenn, N.C., ... E19				

Asbury, N.C.	M20	Cleveland, Tenn.	M16	Jennings, Mo.	P16	Montrose, Va.	M10	Randolph, Ala.	O11	Tawana, Mo.	
Baird, Ga.	M15	Climax, S.C.	K16	Fairwood, S.C.	L17	Jesup, Ga.	P17	Montevallo, Ala.	N11	Taylor, Ala.	
Clifton, S.C.	K16	Fargo, Ga.	O16	Jetterville, Va.	P20	(1) Montezuma, Ga.	O14	Randolph, Va.	N19	Taylor, S.C.	
Clifton, Va.	D20	Foundsdale, Ala.	O11	John Savier, Tenn.	J11	(2) Montgomery, Ala.	O12	Raoul, Ga.	G19	Tazewell, Va.	
Cliftonville, Fla.	R17	Fayette, Ala.	H10	Johnson City, Tenn.	H35	(3) Monticello, Ga.	N15	Rapidan, Va.	E19	Telford, Tenn.	
Clinton, N.C.	M14	Clonox, N.C.	J16	Gaylesville, Ky.	H13	Northburg, Tenn.	K19				

Arizona, Va.,.....H18	Clover, S.C.,.....	Fletcher, N.C.,.....K35	John, N.C.,.....J16	Morganville, Ga.,.....L12	Reevesville, S.C.,.....M18	The Plains,.....
Azuleo, N.C.,.....J15	Clover, Va.,.....G19	Juliette, Ga.,.....N14	Morganville, Ga.,.....L12	Reidsville, N.C.,.....H18	Thelma, Ga.,.....	Theresa, R.,.....
	Clyde, N.C.,.....K18	Marabona, Pa.,.....R17	(1) Junction City, Ga.,.....O14	Morrisdale, Tenn.,.....J15	(1) Register, G.,.....O17	Thomas, Al.,.....
	Coalville, N.C.,.....K14	Florence, Ala.,.....L10	Junction City, Ky.,.....G13	Moscow, Tenn.,.....L8	Renington, Va.,.....L19	(1) Thomaston,.....
	Cooperman, Ill.,.....F7	Flora, Ga.,.....N14		Moscow, Tenn.,.....L8	Ret. Ga.,.....N14	
		Rowley River,.....		Moscow, Tenn.,.....L8		

Banberg, S.C., M18	Colville, Ala., M1	(1) Forsyth, Ga., M14	Kennedy, Ala., M10	Mount Airy, N.C., M1	Richwood, Ga., O15	Tipton, Tenn., M1
Banister, Ala., M10	(1) Columbia, Ala., M13	(1) Fort Gaines, Ga., M14	Kemarsville, N.C., H8	Mount Carmel, Ill., F10	Edgeport, S.C., M16	Tocco, La., M1
Barber, N.C., M17	Columbia, S.C., M11	(1) Fort Jones, S.C., M17	Kershaw, S.C., M18	Mount Jackson, Va., E19	Hidge Spruce, N.C., M17	Tocco, La., M1
Barnesville, Va., E19	Columbiana, Ala., M1	Fort Jackson, S.C., M17	Keweenaw, Miss., O16	Mount Pleasant, Ga., P17	Ridgeville, S.C., M18	Tolintone, Ala., M1
Bartonsville, N.C., M15	(2) Columbia, Ala., O13	Fort McClellan, Ala., M12	(3) Kaysville, Ga., M16	Mount Union, N.C., J17	Ridgeville, S.C., M18	Town Branch, Ala., M1
				Mount Vernon, Ala., O10		

Bartlesville, N.C.	F 8	Corley, Ga.	M14	Foxville, S.C.	M18	Kings Mountain, Ky.	G13	(1) Roanoke, Ala.	NJ3	Town Creek, Ga.	
Barton, Ala.	M10	Conally Springs, N.C.	J17	Frankco, Ind.	F10	Kings Mountain, N.C.	K17	Robbing, Tenn.	J13	Tranton, Ga.	
Batesburg, S.C.	M17	Conover, N.C.	J16	Franklinville, N.C.	F18	N		Roberts, Ala.	N11	Trenton, S.C.	
Bath, S.C.	M17	Constitution, Ga.	M14	French Lick, Ind.	F11	Nantahala, N.C.	K14	Roberts, Ga.	O14	Trinity, Ala.	
Baxley, N.C.	P16			Frenchville, N.C.	H18	(2) Nashville, Ga.	P15				

Dele Mingo, Ala.....	111	(2) Coosa River, Ala.....	112	Furness, S.C.....	N17	(2) Kramerli, Ga.....	M13	New Baden, Ill.....	F 8	Rockport Jet, Ind.....	G10	Tugalo, Ga.....	
Bellevue, Ill.....	F 2	Cotton, Tenn.....	J15					Newbern, Ala.....	O11	Rack Run, Ala.....	M13	Tunstall, Va.....	
Belmont, Ill.....	F 9	Cordale, Ga.....	P18	L				Rockton, S.C.....	I21	Tuscaloosa, Ala.....		Tuxedo, N.C.....	J18
Belmont, N.C.....	K17	Cordova, Ala.....	N11	G				Newberry, S.C.....	I17	Rockwood, N.C.....	M18	Tuxedo, N.C.....	J18
Belton, S.C.....	L16	Corinth, Ky.....	F13					Naumuck Town, Ill.....	H13	Rockwood, Ala.....	M18	Tuxedo, N.C.....	J18
								to Grange, N.C.....	J20				

Big Stone Gap, Va., H15	Corona, Ala.,.....H16	Gainesville, Miss., R 9	Lake City, Tenn.,.....K16	New Port, S.C.,.....K17	Rogersville, Tenn.,H15
Birmingham, Ala.,.....H16	Corryton, Tenn.,.....J14	Grovesville, Va.,.....D20	Lake City, Tenn.,.....J14	Newport, N.C.,.....K21	(2) Rome, Ga.,.....M13
Blifmore, N.C.,.....F15	Cortneyco, Ala.,.....Q10	Gulfon, Ala.,.....O11	Lake Jurluska,	Newport, Tenn.,.....J15	Sando, N.C.,.....H17
Blindsey, Ind.,.....E11	Corydon Ict.,Ind., F11	N.C.,.....K15		New River, Ala.,.....R17	Unadilla, Mo.,.....H18
Birmingham, Ala.,.....N11	Cottontale, Ala.,.....N11	(1) Gantf, Ala.,.....G12	Lake Park, Go.,.....Q14	New River, Tenn.,.....J13	Roseland, Ga.,.....M14
Black Mt., N.C.,.....J16	Cottonwood, N.C.,.....C15	Gantf, S.C.,.....L16			Rosemary, Ala.,.....Q11
					Union, S.C.,.....H19

Apola, Va.,.....G18	(1) Covington, Ga.,.....M14	Genoa, Fla.,.....K16	Langley, S.C.,.....M17	Nicholson, Miss., & 8	Rowlesville, S.C.,.....M18	Valdese, N.C.,.....M19
Bakley, Ga.,.....G14	Cowpens, S.C.,.....K14	Georgetown, Ky.,.....F13	Larkinsville, Ala.,.....L12	Nichols, Ga.,.....M14	Royal Blue, Tenn.,.....J13	(4) Volcano, N.C.,.....M20
Blecker, Ga.,.....G14	Craggy, N.C.,.....J15	Germantown, Ill.,.....F 8	Lattimore, N.C.,.....K16	Nitely St. S.C.,.....I16	Royal City, Ala.,.....Q13	Valentine, N.C.,.....M21
Blocton, Ala.,.....N11	Cranton, N.C.,.....K17	Germantown, Tenn.,.....I 8	Lavel, Miss.,.....Q 9	Niota, Tenn.,.....K13	Rayston, Ga.,.....J15	Volley He, N.C.,.....M22
Bull City, Tenn.,.....M16	Crandall, Ind.,.....F11	Giant, S.C.,.....M18	Lovonia, Ga.,.....L15	Nixkville, Va.,.....T20	Refin, N.C.,.....H16	Vannell, N.C.,.....M23

Bonaire, Ga.....	015	Culpeper, Va.....	019	(2) Leeds, Ala.....	012	(2) North Birmingham, Ala.....	011	Rutherfordton, N.C.	K16	Virgo, Va.....	
Bonlee, N.C.....	019	Cumberland Gap, Tenn.....	H14	Lee Pope, Ga.....	014	North Charleston, S.C.....	019	Ryan, Ala.....	011	Vostburg, Va.....	
Bookman, S.C.....	017	Curl, Ala.....	010	Leespeer, Ala.....	011	Leesville, S.C.....	017				
Boonville, Ind.....	G10	Cerry, Ala.....	012	Leighton, Ala.....	010	North Chattanooga, Ga.....	010				
Bowdon Jet, Ga.....	013			Golden Gate, W. F. 9							
				Goldbaro, N.C.....	020						

Brandy Station, Va.	E19	Dobney, N.C.	H19	Graham, N.C.	H19	Lester, Va.	F21	North Wilkesboro, N.C.	H17	St. George, S.C.	M12	Walter, N.C.	F7
Brantley, Ala.	P12	(1) Dadeville, Ala.	D13	Granling, S.C.	K16	Lexington, Ky.	F14	St. Louis, Mo.	F7	St. Matthews, S.C.	M18	Walton, Va.	H15
Bremen, Ga.	M13	Daley, Tenn.	K13	Grandin, Fla.	R17	Lexington, N.C.	J18	Salisbury, N.C.	J17	Salem, S.C.	M17	Word, S.C.	M12
Brevard, N.C.	K15	Dakota, Ga.	P15	Grand Junction, Tenn.	L18	Lexington, S.C.	J17	Savannah, Ga.	M17	Shelby, N.C.	M12	Wright, N.C.	M12
Brenton, Ga.	N16	Dale, Ind.	G10			Liberty, N.C.	J18						

Broad Run, Va., #D20	Chickadee, Va., #H15	Green Bay, Va., #G19	Lincoln City, Ind., #G10	(1) Oconee, Ga., #N16	Sargant, Ala., #M11	Warlick, N.C., #H17
Broadway, Va., #E18	Danville, Ky., #G13	Greendale, Ky., #F13	Lincolnton, N.C., #J17	Odum, Ga., #P17	Sargant, Ga., #N11	Washington, N.C., #H17
Brompton, Va., #N12	Danville, Va., #H18	Greenville, Tenn., #J15	(2) Lindsley, Ga., #M13	(1) Ogletowne, Ga., #O14	Sargant, Ala., #N11	Watson, N.C., #H17
Brookside, Ala., #N11	Daphne, Va., #E18	Greensboro, N.C., #H18	Linden, Va., #D19	(1) Oglethorpe, Ga., #O14	Satsuma, Ala., #P10	Watson, N.C., #H17
Brown, Ala., #O11	Douglas, N.C., #J17	Greensboro, N.C., #H18	Livestock, Va., #E18	Old Fort, N.C., #J16	Saulsbury, Tenn., #J19	(1) Watson, N.C., #H17
			Livestock, Va., #E18		Seaboard, N.C., #O19	

Bryson, Ala.....	N11	Decatur Jct., Ala.....	I11	(2) Griffin, Ga.....	N14	Livestock, Ala.....	M10	Oakleigh, Tenn.....	J13	Savannah, Ga.....	J16
Bryson, N.C.....	K14	Dalaphone, Va.....	D19	Griffith, N.C.....	K17	live Oak, Mo.....	R16	(1) Opelika, Ala.....	L12	Scotchboro, Ala.....	L12
Buechel, Ky.....	F12	Delmar, Ala.....	M10	Grover, N.C.....	K17	Livingston, Ala.....	O10	Orange, Va.....	E19	Scottsburg, Va.....	G19
1) Buena Vista, Ga.....	O14	Des Moines, Ia.....	J15	Gulford College, N.C.....	H18	Lockhart, S.C.....	K17	Orangburg, S.C.....	M18	Scott Station, Ala.....	O11
Burkeville, Ky.....	M14	Dew Rio, Tenn.....	O10			Lockhart Jct., S.C.....	K16	Otes, Tenn.....	J15	Seago, Ala.....	N11
										Shelby, Ala.....	O11

Burlington, N.C.	H18	Douglas, Ky.	F12	Pace, Va.	G19	Shafford, Ala.	I10	Westville, Mo.	
Burnley, Pa.	E19	Donalds, S.C.	I16	Lovett, Fla.	Q15	Sheffield, Miss.	P 9	Whites, Ky.	K16
Burnside, Ky.	H13	Dorchester, Ga.	M14	Lovick, Ala.	N11	Pacolet, S.C.	K16	Wholes, Va.	
Caryville, Ala.	O11	Dorchester, S.C.	N18	Lowell, N.C.	K17	Paint Rock, Ala.	I12	White, Ky.	
Bernsville, Miss.	L 9	Dorset, Va.	F20	Magood, S.C.	L18	Point Rock, Ala.	I12	White Pk., Ky.	
		Doreet Tenn.	I13	Mahira, Ga.	Q15				

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N.C. K21	Duncon, S.C. K16	How River, N.C. H19	(1) Perry, Ga. Q13	Shots, to Q13
Compobello, S.C. K16	(1) Durong, N.C. N13	Haylow, Ga. Q16	Perry, S.C. M17	(1) Smithville, Ga. P14
Conthos, Ind. G11	Durham, N.C. H19	Haymarket, Va. D20	Patel, Miss. Q 9	Smyrna, S.C. K17
Contra, Ga. L15		Hoynes, S.C. K16	Pattos, Tenn. J13	Smyth, N.C. K15
Canton, N.C. K15		Howellwood, N.C. K16	Mc Donough, Ga. H14	
			Mc Intosh, Ala. Q10	(1) Phenix City, Ala. C13
				Phenix, Ga. Q13
				Phenix, Ky. H13
				Phenix, Va. F10
				Phenix, W. H10

Cory, N.C.	H19	East Birmingham	Heistall, Tenn.	J14	Mableton, Ga.	M14	Headmont, Ark.	M15	Springfield, Ark.	M15	(1) Wright
Coryville, Tenn.	J13	Alabama	Helena, Ga.	O16	(1) Mather, Ga.	N15	Piedmont, S.C.	L16	Spears Ferry, Va.	H15	
Cosanova, Va.	D20	Eastman, Ga.	Helena, S.C.	O15	(2) Macon, Ga.	N15	Pilot Mtn, N.C.	H17	Spencer, N.C.	J18	
Cotawba, N.C.	J17	East Moultrie			Pine Hill, Ala.	P11		Spindale, N.C.	K16		
Catherine, Ala.	P11	Ga.			Helenwood, Tenn.	J13					
		Q15	Henderson, N.C.	H19	(1) Madison, Ga.	M15	Pinehurst, Ga.	O15	Spocari, Ala.	D18	
									Spencer, N.C.	O10	Yard

Go., ...C14	Go., ...N16	High Level, Ala., ...N11	Marble, N.C., ...K14	Pinner Point, Va., G21	Spring Valley, Ala., ...L10
(1) Cedarstone, Ga., ...M13	(1) Eatonton, Ga., ...N15	High Point, N.C., ...K11	Marengo, Ind., ...F11	Pioneer, Tenn., ...J21	Springville, Ala., ...M12
Celivier, S.C., ...K17	Eckery, Ind., ...F11	High Shoals, N.C., K17	Margaret, Ala., ...I10	Pisgah Forest, N.C., K15	Spruce Pine, Ala., M10
Center, Ga., ...M15	Eddins, Ala., ...C10	Hildebran, N.C., ...J16	Marietta, Ala., ...N11	Mainville, Ga., ...L13	Staley, N.C., ...J18